

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1467 – HB 1525

April 1, 2016

SUMMARY OF ORIGINAL BILL: Prohibits state funds appropriated for metropolitan transportation planning from being released to, or expended by, a metropolitan planning organization (MPO) as defined in Tenn. Code Ann. § 64-8-302, unless the MPO's policy board meets the requirements of Tenn. Code Ann. § 64-8-301, which requires equal voting for all represented local government officials and a member being chosen by the Tennessee County Highway Officials Association.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – To the extent the policy board of the Metropolitan Planning Organization (MPO) perpetually fails, or is delayed, in complying with the requirements of Tenn. Code Ann. § 64-8-301, the MPO could lose, or be delayed in receiving, approximately \$1,489,600 in grant funding. To the extent the board is in compliance, or becomes compliant, the impact of this bill is considered not significant.

Additionally, the provisions of the bill could place the state out of compliance with Title 23 of the U.S. Code § 134 (Metropolitan Transportation Planning) which explicitly requires state departments of transportation to distribute metropolitan planning funds provided by the Federal Highway Trust Fund to metropolitan planning organizations to conduct transportation planning activities. Non-compliance could potentially lead to additional unknown reductions of federal funding to state and local government provided from the Federal Highway Trust Fund.

SUMMARY OF AMENDMENT (015206): Deletes and rewrites the bill such that the substantive changes are: (1) to declare any action taken on or after May 18, 2015, by a metropolitan planning organization while out of compliance with the requirements of Tenn. Code Ann. § 64-8-301, is void and has no effect until the policy board meets the requirements; and (2) to clarify that in the event any provision of this legislation is deemed inconsistent with the requirements of 23 U.S.C. § 134, then the federal law shall control.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – To the extent the policy board of the Metropolitan Planning Organization (MPO) perpetually fails, or is delayed, in complying with the requirements of Tenn. Code Ann. § 64-8-301, the MPO could lose, or be delayed in receiving, approximately \$1,489,600 in grant funding. To the extent the board is in compliance, or becomes compliant, the impact of this bill is considered not significant.

Assumptions for the bill as amended:

- Based on information from TDOT, the bill could prohibit the Nashville Area MPO from receiving federal metropolitan transportation planning funds.
- Based on information from the TDOT Long Range Planning Division, a primary source of MPO funding is provided by the Federal Highway Administration Section 112 Metropolitan Planning (PL) Grant Program.
- Based on information from TDOT's Long Range Planning Division, in FY16-17, and in the absence of this bill, the Nashville Area MPO will receive a Federal Highway Administration Section 112 Metropolitan Planning grant totaling \$1,191,719 plus the local match requirement of \$297,930, for a total of \$1,489,649 (\$1,191,719 + \$297,930).
- The amount of PL grant funding is assumed to remain constant in subsequent years under current law.
- Under the provisions of the bill, and to the extent the MPO policy board perpetually fails to meet the requirements specified under Tenn. Code Ann. § 64-8-301, approximately \$1,191,719 in PL grant funds would have to be returned to the federal government; the federal government would subsequently reallocate such funding for other purposes consistent with the use of such federal funds; and, as a result, any net impact to the federal government would be not significant. In addition, Davidson County would reallocate approximately \$279,930 in local funding for other local expenditures; therefore, any net impact to local government (Davidson County) would be not significant. Further, the Nashville Area MPO will see a total reduction of funding estimated to be \$1,489,649.
- To the extent the MPO policy board is delayed in meeting the requirements specified under Tenn. Code Ann. § 64-8-301, the MPO would be delayed in receiving their PL grant funding of \$1,489,649; and to the extent the MPO policy board is in compliance, or immediately corrects any compliance issue with Tenn. Code Ann. § 64-8-301, the impact of this bill would be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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